

Wisconsin**Insurance****News**

State of Wisconsin

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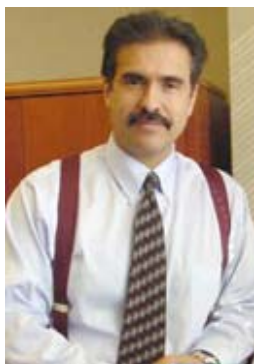
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Commissioner Gomez Reminds Agents of Upcoming Medicare Changes and OCI's Expectations

By Jorge Gomez,
Commissioner
of Insurance



The implementation date of January 1, 2006, for Medicare reform is rapidly approaching. The reform affects both Medicare and Medicare

supplement insurance. Many Wisconsin insurers have announced plans to participate in the new Medicare prescription drug program and are busy hiring staff to help market the new products. However, past experience shows us that a small minority of agents use the access offered through changes in the Medicare program as an opportunity to convince enrollees to purchase other insurance or financial products that may be unsuitable. I want to emphasize in the strongest possible terms that OCI will aggressively enforce existing suitability laws for other products marketed to the Medicare population.

Upcoming changes to Medicare and Medicare supplement insurance are described in greater detail in this issue of the *Wisconsin Insurance News*. I encourage you to familiarize yourself with the new options that are available. In summary, the changes include a variety of new private plans for consumers to choose among and a new drug benefit. The private plans are also known as Medicare Advantage and include a variety of managed care options for consumers and may also include the Medicare prescription drug coverage as an option. Medicare Advantage replaces the Medicare + Choice program. Insurers will be allowed to market the

prescription drug plan starting October 1 and can begin enrolling participants on November 15.

Wisconsin has had standardized benefits for traditional Medicare supplement plans for many years. Included in the benefits was a catastrophic prescription drug benefit. This benefit must be removed from the policy for all sales after January 1, 2006. In addition, insurers must send notices to Medicare supplement policyholders informing them of their options to keep the Medicare supplemental drug coverage or enroll in a Medicare prescription drug plan. Standardized benefits allow for consumers to easily compare among the various insurance plans and make a decision based on issues such as price. Standardized benefits are not part of the Medicare Advantage plans and marketing the new plans will offer the opportunity for agents to talk with consumers

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Agent Pleads Guilty to Three Felonies

In 2003, complaints filed about insurance agent Thomas Mikunda led to the OCI issuing an order for the summary suspension of his license. Now, two years later, Mikunda plead guilty to three felonies.

Rusk County Sheriff's Department and the Wisconsin Department of Revenue's Criminal Investigation Section conducted an investigation of Mikunda, prompting the Rusk County District Attorney, Kathy Pakes, to bring charges against him on 16 counts: nine felony counts of engaging in unfair trade practices, two felony counts of filing a false Wisconsin income tax return, two felony counts of theft, one misdemeanor count of theft, and two misdemeanor counts of obstructing an officer.

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Commissioner Gomez Reminds Agents of Upcoming Medicare Changes and OCI's Upstanding Expectations

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about benefits, pricing and availability of providers.

Many of our senior citizens will be inundated with information about new programs that are available, especially the prescription drug plan, and will turn to the agent community for assistance. Past history has shown us that a few unscrupulous agents will take advantage of this opportunity for access to the senior community. Cross-selling of other

I want to emphasize in the strongest possible terms that OCI will aggressively enforce existing suitability laws for other products marketed to the Medicare population.

insurance products must conform to state requirements. That includes existing administrative code regulating marketing of insurance products and new statutory requirements to perform suitability analysis for certain annuity products.

It is our expectation that agents who may be marketing both Medicare Advantage and prescription drug products at the same time they are selling other products are following the marketing guidelines in ss. Ins 3.27, and 20.01, Wis. Adm. Code. Those requirements include clearly stating that you are an insurance agent and selling an insurance product. You must also notify the client when you have changed from marketing a Medicare Advantage or prescription drug product to another insurance product. The Centers for Medicare and Medicaid Services (CMS) has also issued guidelines for marketing Medicare Advantage and prescription drug products that are available on their website. Remember, your agent status is affected by more than your insurance

business conduct. Section 628.10(2)(b), Wis. Stat., states "the commissioner may revoke, suspend or limit in whole or in part the license of any intermediary if the commissioner finds that the licensee is unqualified as an intermediary, is not of good character or has repeatedly or knowingly violated an insurance statute or rule or valid order of the commissioner under s. 601.41 (4), or if the intermediary's methods and practices in the conduct of business endanger, or financial resources are inadequate to safeguard, the legitimate interests of customers and the public."

Suitability requirements for annuity products were implemented by the Wisconsin Legislature in 2004. Agents are

required to know and understand the suitability standards adopted by their companies for any annuity they may be marketing. Insurers that offer annuities, likewise, are required to supervise their appointed agents to ensure their sales are suitable.

OCI retains authority over marketing of Medicare Supplement and other insurance products. I continue to believe in OCI's obligation to protect our senior citizens and will not hesitate to take action against those who may take advantage of them during this time of change.

Agent Pleads Guilty to Three Felonies

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Mikunda provided false information to clients in order to sell insurance policies. According to Pakes' criminal complaint, Mikunda convinced elderly individuals in Rusk, Barron, Sawyer and Chippewa counties to purchase life insurance they did not want or need in order to receive the high percent commission agents receive from selling new life insurance policies. Also, to reap this high commission percentage, he used new life insurance policy forms and changed existing policyholders' identification information to create new policyholders.

Mikunda also allegedly engaged in personal financial transactions with clients in addition to charging them large amounts of money for their policy. He collected the funds from these clients in the form of cash or check and proceeded to deposit them into his personal savings account. On his 2001 and 2002 income taxes, Mikunda allegedly failed to report a combined \$163,451 in his personal savings account, all of which he acquired from his clients in checks and cash. In addition to paying Mikunda directly, many clients also had automatic monthly withdrawals from their checking account to pay for their insurance policies.

In one instance, an elderly Chippewa county resident took out a \$100,000 annuity three months before her husband passed away. After his passing, Mikunda helped the client cash her annuity, costing her \$8,250 for early cashing. He then helped her set up a

checking account with the remainder of the money and received a \$58,950 check from the new account within a week of it being opened. Mikunda also collected money from the woman at various times, bringing the total payments to Mikunda from the woman to \$97,400 plus cash.

Allegedly, after the first complaint was filed against him, Mikunda tried to obstruct the investigation. He allegedly gave money to all his clients whom he had taken money from in hopes they would protect him. Also, to explain his extra funds, Mikunda had his clients sign back-dated receipts stating he had sold them items such as guns. Many agreed to this because they wanted their money to be returned to them. In several instances, Mikunda brought guns to his clients' houses and told them to tell investigators that they bought the guns from him.

On January 6, D.A. Pakes filed a motion for protecting the victims' personal banking information and a motion for a speedy trial, due to the ages of the witnesses. On May 12, 2005, Mikunda plead guilty to three counts: two counts of violating the insurance code and one count of filing a false Wisconsin income tax return. **On Friday, August 26, Thomas Mikunda was sentenced to three years in the state prison system, followed by a period of intensive supervision, and ordered to make restitution to certain victims.**

Overview of the Medicare Part D Prescription Drug Program

The federal Medicare Prescription Drug, Improvement and Modernization Act of 2003 (MMA) has been described as the most significant reform of the Medicare program since the Medicare programs inception in 1965. Under the MMA, Congress mandated the offer of optional new prescription drug benefits for people with Medicare Part A and Part B coverage. The act provides that beginning May 2004 Medicare beneficiaries can apply for optional temporary Medicare-approved discount cards covering some outpatient prescription drugs. That program ends on January 1, 2006 when the new Medicare Part D prescription drug program begins. The act also provides that beginning November 15, 2005, Medicare beneficiaries can apply for the Medicare Part D outpatient prescription drug program, which becomes effective January 1, 2006.

In the next few months, Medicare beneficiaries will be receiving notices from the Social Security Administration (SSA), the Centers for Medicare and Medicaid Services (CMS), their supplemental insurance insurers, and their employers or unions regarding the Medicare prescription drug program and the options available. The SSA is providing information to Medicare beneficiaries it has determined may meet its criteria for low-income subsidy (LIS), which will provide assistance to qualified beneficiaries for paying some of the costs associated with Medicare prescription drug coverage. The CMS, which is the federal agency that regulates the Medicare program, will provide information regarding the Medicare prescription drug program in mailings such as its *Medicare & You Handbook*. CMS also will provide information to dual eligibles (individuals covered both by Medicaid and Medicare), who automatically qualify for coverage, and will assign dual eligible

individuals to a prescription drug program (PDP) if they don't enroll in a PDP of their choice. Medicare supplement insurers will provide information to their insureds regarding options including maintaining current outpatient prescription drug coverage or applying for Medicare outpatient prescription drug coverage. Employers and unions will provide to its retirees and members information regarding their current outpatient drug coverage and whether the retiree plans will continue to provide outpatient prescription drug coverage. These notices will include telephone numbers for the notice recipients to obtain additional information.

From June 2005 until August 16, 2005, the SSA provided information to Wisconsin Medicare beneficiaries regarding the limited-income subsidy (LIS) that provides extra help in covering premium, deductible and co-payment expenses under the Medicare Part D prescription drug program. CMS has fact sheets and tip sheets regarding the LIS program available on its website at: <http://www.cms.hhs.gov/medicarereform/factsheets.asp>.

Some Medicare beneficiaries who qualify for LIS, and some Medicare beneficiaries who currently have no outpatient prescription drug coverage, may find that the Medicare prescription drug program will work well for them. However, Medicare beneficiaries who currently have outpatient prescription drug coverage, either through SeniorCare, Medicare supplement policies or employer or union benefit plans, may find it is better to keep the coverage they have.

The Medicare Part D outpatient prescription drug benefits will be provided by private entities that contract with the CMS to offer PDP coverage. Medicare beneficiaries may choose among the PDPs that are available in their area. Each PDP will

cover some core prescription drugs, but will construct a formulary of other covered drugs that may vary among the PDPs. A formulary is a listing of prescription medications that are covered by the PDP.

PDPs may charge a monthly premium and will cover only those prescription drugs included in their formulary. The monthly premium charged by the PDPs can increase over time as the cost of providing coverage increases. Also, PDPs may change the drugs covered under their formularies.

The MMA provides that it will assess a penalty for the Medicare beneficiaries, without creditable coverage, who do not apply during the open enrollment period between November 15, 2005, and May 15, 2006. The penalty is 1% of the base beneficiary premium per month for every month beneficiaries wait to enroll. Beneficiaries will pay this higher premium as long as they are covered by the PDP. The percentage amount may increase once the CMS has sufficient data to evaluate the costs attributable to late enrollees. The penalty only applies to Medicare beneficiaries without prescription drug coverage or who have outpatient drug coverage that is not actuarial equivalent to that under the Medicare Part D prescription drug program. Medicare beneficiaries who have existing outpatient prescription drug coverage that is actuarial equivalent or considered creditable coverage will not be subject to the penalty even if these Medicare beneficiaries apply for PDP coverage after the open enrollment period. Creditable coverage is other coverage that is at least as good as that covered by Medicare Part D.

CMS estimates that the premium for PDP will be around \$37. PDPs will have a \$250 deductible and

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Overview of the Medicare Part D Prescription Drug Program

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a 25% coinsurance for drug expenses up to \$2,250. Enrollees must pay 100% of their drug expenses from \$2,250 to \$5,100; this is referred to as the “donut hole.” Out-of-pocket costs will total \$3,600. Coverage resumes for any drug costs above \$5,100, with a 5% coinsurance.

The CMS contracts with Medicare Advantage plans to provide benefits traditionally covered by the Medicare program and some supplemental benefits. Medicare Advantage plans may also offer PDP coverage.

The MMA requires that Wisconsin and other states amend existing laws applying to Medicare

supplement policies, including prohibiting any policy supplementing Medicare benefits from covering any outpatient prescription drugs for new policies issued after January 1, 2006. A description of the amendments Wisconsin has made to its Medicare supplement rule, Ins 3.39, Wis. Adm. Code, is discussed elsewhere in this newsletter.

Agents who market to Medicare-eligible beneficiaries or those interested in obtaining additional information may obtain information on the CMS website at: <http://www.cms.hhs.gov/medicarereform/>

The OCI will also provide information by periodic updates to the Senior Issues section of its website, by Bulletins for insurers and agents, and its consumer publications regarding Medicare supplement insurance, all of which will be available at: <http://oci.wi.gov/>.

Questions regarding this article may be addressed to Diane Dambach to:
diane.dambach@oci.state.wi.us.

GENERAL TIMELINE FOR THE IMPLEMENTATION OF MEDICARE'S PDP PROGRAM



June 2005 to August 16, 2005	Social Security Administration (SSA) mails Low-income Subsidy applications to potential eligibles (not deemed dual eligible)
July 2005	SSA begins processing LIS applications and notifying Medicare beneficiaries of determinations
September 2005	Prescription drug plan (PDP) contracts awarded
September 15 to November 15, 2005	Insurers notify their Medicare supplement policyholders who have outpatient drug coverage of whether their coverage is considered creditable coverage and their options
October 2005	CMS notifies dual eligibles of the PDP into which they will be enrolled if they don't choose a PDP
October 2005	CMS mails <i>Medicare & You Handbook</i>
November 15, 2005, to May 15, 2006	Open enrollment for Medicare Part D outpatient prescription drug program
December 31, 2005	Last chance for dual eligibles to change to a PDP of their choice
January 1, 2006	Medicare Prescription Drug coverage begins
April 2006	CMS mails reminder notice to Medicare beneficiaries who have not yet enrolled in a PDP
May 16, 2006	Late enrollment penalty begins

Medigap Coverage Terminology

The federal Medicare Prescription Drug, Improvement and Modernization Act of 2003 (MMA) legislation and corresponding requirements under Ins 3.39, Wis. Adm. Code, regarding Medicare supplement coverage include terminology that has specific meanings when applied to Medicare beneficiaries or Medigap insurance policies. These terms include open enrollment period, special enrollment period, guaranteed issue, and creditable coverage.

Medicare legislation and Ins 3.39, Wis. Adm. Code, provide that Medicare beneficiaries are entitled to an “open enrollment” period during which they can apply for supplemental coverage. “**Open enrollment**” is defined as:

A one-time-only six-month period when Medicare beneficiaries in Wisconsin may buy any Medigap policy they want that is sold in Wisconsin. It begins the first month that a Medicare beneficiary is covered under Medicare Part B and is age 65 or older. During this period, the Medicare beneficiary cannot be denied coverage or charged more due to past or present health problems.

Medicare legislation allows and Ins 3.39, Wis. Adm. Code, provides that Medicare beneficiaries under age 64 are entitled to a “special enrollment” period during which they can apply for supplemental coverage. This “**special enrollment**” period is defined as:

A six-month period during which Medicare-eligible beneficiaries under age 64 may

buy any Medigap policy they want that is sold in Wisconsin. The special enrollment period begins with the first month in which individuals first enroll for benefits under Medicare Part B.

Medicare legislation and Ins 3.39, Wis. Adm. Code, provide for guaranteed issue of Medigap coverage when individuals lose their employee welfare benefit plan, Medicare Advantage, or Medicare supplement coverage. “**Guaranteed issue**” is defined as:

Rights Medicare beneficiaries have in certain situations when insurance companies are required by law to sell or offer a Medigap policy. In these situations, an insurance company can't deny insurance coverage or place conditions on a policy, must cover the Medicare beneficiary for all pre-existing conditions, and cannot charge more for a policy because of past or present health problems.

Medicare legislation and Ins 3.39, Wis. Adm. Code, provide that Medigap policies are guaranteed renewable. “**Guaranteed renewable**” means that:

A right that requires Medigap insurance companies to automatically renew or continue Medigap policy, unless the applicant for coverage makes untrue statements to the insurance company, commits fraud or does not pay premiums.



Updated Publications

The OCI has recently updated several publications. Choose the “Publications” list from the Quick Links located at the top left side of our homepage, <http://oci.wi.gov>, to view, print or request a copy.

Publications updated as of June 2005:

- **ANSI Codes**
- **Guía del Consumidor para Seguros de Automóvil**
(Spanish version of the “Consumer’s Guide to Auto Insurance”)
- **Guía del Consumidor para Seguros de Vivienda**
(Spanish version of the “Consumer’s Guide to Homeowner’s Insurance”)
- **Una Breve Guía Sobre el Seguro del Arrendatario**
(Spanish version of the “A Brief Guide to Renter’s Insurance”)

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Medigap Coverage Terminology

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Medicare legislation and Ins 3.39, Wis. Adm. Code, provide that individuals should be given credit for previous health coverage when moving from one employer group health plan to another, or from an employer group health plan to an individual policy. This is the concept of creditable coverage. Individuals who have outpatient prescription drug coverage under their Medigap policies that is at least as good as the new Medicare drug benefit, have creditable coverage and therefore can enroll in Medicare Part D after the open enrollment period with no delayed enrollment penalty. **“Creditable coverage”** means:

Prior health care coverage that is taken into account to determine the allowable length of pre-existing condition exclusion periods for individuals seeking Medigap insurance coverage. For the purpose of Medicare Part D, coverage is considered creditable if the actuarial value of the coverage equals or exceeds the actuarial value of standard prescription drug coverage under Medicare Part D, as demonstrated through the use of generally accepted actuarial principles and in accordance with CMS actuarial guidelines.

Medicare Prescription Drug Plan Preferred Terminology for Consumers

Consistency in education and outreach materials helps with clarity. To achieve consistency in explaining Medicare Prescription Drug Coverage to people with Medicare, follow these guidelines:

- When referring to stand-alone plans/PDPs, use: **“Medicare Prescription Drug Plan.”**
- When referring to all plans (MA-PDs and PDPs), use: **“Medicare Drug Plan”** or **“Medicare Prescription Drug Coverage.”**

Use:

- You can choose to enroll
- People with Medicare and Medicaid
- Limited income and resources
- Apply (use when talking about the extra help paying for prescriptions)
- Join (use when talking about getting a plan)
- On average coverage at least as good as
- Preferred drug levels
- Medicare prescription drug coverage
- Formulary
- Guaranteed coverage
- Penalty
- Monthly premium
- If you find a Medicare prescription drug plan that better meets your needs, you can switch plans.
- Find a plan that meets your needs...
- Your employer will notify you
- Improving Medicare
- People with Medicare

Instead of:

- Enrollment is voluntary
- Dual Eligibles
- Low-income
- Enroll, join, sign up
- Apply, enroll, sign up
- Coverage at least as good as, creditable coverage, coverage as good as or better than
- Drug tiers
- Medicare Prescription Drug Benefit, Part D
- List of drugs the plan covers
- Guaranteed issue rights
- At least 1% more for every month you waited to get a Medicare prescription drug plan, you will pay more, higher premium, surcharge
- Monthly fee
- If you don't like your Medicare prescription drug plan, you can switch.
- A plan that best meets your needs, the best plan for you
- Look for a notice from your employer
- Modernizing Medicare
- Medicare beneficiaries

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TIMELY RENEWAL OFFERS FOR ALL P&C PRODUCTS

It has recently come to the office's attention that some insurers are failing to make an offer to renew insurance policies prior to the renewal date. In other words, the renewal offer is either coming after the renewal term begins or not at all. This practice is not acceptable, whether for personal or commercial lines. Many consumers that don't receive a timely renewal offer believe they must seek coverage elsewhere, mistakenly believing that they will no longer have coverage with their current insurer. In the case of Worker's Compensation policies, the replacement policy automatically terminates the prior policy. Our office considers the failure of a company to make a timely renewal offer a violation of the statutes.

Section 631.36 (4), Wis. Stat. (and mirrored for worker's compensation in s. Ins. 21.01 (6), Wis. Adm. Code), states that "a policyholder has a right to have the policy renewed, on the terms then being applied by the insurer to similar risks, for an additional period of time equivalent to the expiring term ... unless at least 60 days prior to the date of expiration provided in the policy a notice of intention not to renew the policy is mailed or delivered to the policyholder."

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Medicare Prescription Drug Plan Preferred Terminology for Consumers

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Use:

- Extra help with drug plan costs
- People with limited incomes and resources
- Look at www.medicare.gov on the web
- Call 1-800-MEDICARE (1-800-633-4227)
- TTY users should call 1-877-486-2048
- Income and resources (to qualify this use: including your savings and stocks, but not counting your home)
- Resources of \$11,500 for an individual and \$23,000 for a couple
- Personalized
- \$3600 out-of-pocket
- Long-term care facility, like a nursing home
- Family and friends
- Complaint
- Those who automatically qualify for extra help
- Those who must apply for extra help
- Extra help, extra help paying for prescription drugs
- If you don't join a plan by May 15, 2006, Medicare will enroll you in a plan to make sure you get help paying for your prescription drug costs.
- Help from Medicaid paying your Medicare premiums

Instead of:

- Subsidy
- Low-income people or beneficiaries
- ...on the Internet or ending a sentence with the URL (period is often confused as part of the web address)
- Dropping the parenthetical number
- TTY: 1-877-486-2048 or any references to TDD
- Income and assets
- Resources of \$10,000 for an individual and \$20,000 for a couple
- One-on-one, person-to-person individual counseling, customized
- Catastrophic
- Institutionalized
- Caregiver
- Grievance
- Deemed
- Non-deemed, not deemed
- Low-income subsidy, LIS, Limited-income subsidy
- If you don't join a plan by May 15, 2006, Medicare will enroll you in a plan so you pay the lowest premium.
- Help paying your premiums, MSP or Medicare Savings Programs

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TIMELY RENEWAL OFFERS FOR ALL P&C PRODUCTS

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Section 631.36 (5), Wis. Stat. and the mirrored language in the mandatory Wisconsin Cancellation and Nonrenewal Endorsement require that if the company wants to renew the policy on different terms – altered terms - the company has up to the renewal date to send a proper notice to the policyholder. Prior articles have discussed the issue of proper altered terms notices.

These sections require insurers to complete their underwriting of policies prior to the renewal date. Failure to do so, or to make an offer to renew, means the carrier has to renew the policy at the old terms and rates for an equal length of time. The definition of “terms” for worker’s compensation does not include manual rates, experience modification factors, or classification of risks.

If you have any questions regarding this article contact Laura Andréasson at (608) 266-0096.

Medicare Prescription Drug Plan Preferred Terminology for Consumers

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Use:

- Medicare Advantage Plan or other health plan with Prescription Drug Coverage
- Special Needs Plans
- 42 million people with Medicare in 2005
- You may get an application in the mail from SSA for extra help paying for a Medicare prescription drug plan. It is very important that you fill out this application and return it to SSA. If you don’t get an application in the mail and think you may qualify for this help, call SSA at 1-800-772-1213. TTY users should call 1-800-325-0778. You can also visit www.socialsecurity.gov on the web. SSA’s application process provides you with the quickest decision. You can also go to a local Medicaid office and apply.
- Medicare & You
- A disclaimer statement such as “[Name of Document or Pub] isn’t a legal document. The official Medicare program provisions are contained in the relevant laws, regulations, and rulings.”
- Medicare Advantage and other health plans

Instead of:

- Medicare Health Plan with Prescription Drug Coverage MA-PD
- Specialty Plans
- 41 million people with Medicare in 2005
- Referring people only to SSA to apply for the extra help (use the full paragraph instead of just “You can have your state decide if you qualify for extra help instead of SSA. You can go to your local Medicaid office and apply using their application and process. But you will get a decision more quickly if you use SSA’s application instead of your state’s. Your local Medicaid office can help you apply with and submit SSA’s application.”
- Medicare and You
- No disclaimer statement
- Medicare Health Plan (Medicare Advantage and Medicare Cost Plan), Medicare Managed Care Plan, Medicare Advantage Plan, MA, Medicare Health Plan or Medicare Health Plan (HMO/PPO)

CHANGES TO WISCONSIN'S MEDIGAP SUPPLEMENT RULE

Wisconsin adopted amendments to its Medicare supplement rule, Ins 3.39, Wis. Adm. Code, that apply to Medicare supplement, Medicare select and Medicare cost (Medigap) policies issued or renewed beginning January 1, 2006. Wisconsin's Medicare supplement rule was amended in order to comply with the requirements of the federal Medicare Prescription Drug, Improvement and Modernization Act of 2003 (MMA).

The MMA creates Medicare Part D, outpatient prescription drug coverage that will be provided through private prescription drug plans (PDPs). The MMA also requires that Wisconsin and other states amend their existing laws applying to Medigap policies, including prohibiting Medigap policies from providing outpatient prescription drug coverage for new policies issued after January 1, 2006. An overview of the MMA is included elsewhere in this newsletter.

Wisconsin has long had in place standardization requirements for its Medigap policies. It is one of three states that has a waiver from the prior federal standardization requirements that created standardized Medicare supplement categories Plans A to L. Wisconsin requires that Medigap insurers offer basic standardized policies with optional riders that provide coverage for Medicare Part A deductible, Medicare Part B deductible, additional home health care, Medicare Part B excess charges and foreign travel.

Ins 3.39, Wis. Adm. Code, has been amended to:

- Create two cost-sharing Medicare supplement policies and two cost-sharing Medicare select policies,
- Eliminate outpatient prescription drug coverage under existing Medigap policies after December 31, 2005 for those policyholders who apply for Medicare Part D PDPs,
- Prohibit the sale of outpatient prescription drug coverage under Medigap policies after December 31, 2005,

- Allow Medigap policyholders to renew and maintain the outpatient prescription drug coverage in their existing Medigap, if they choose not to enroll in Medicare Part D PDP plans, and

- Expands guaranteed issue rights for individuals who lose medical assistance, and for individuals who terminate coverage under an employee welfare benefit to enroll in Medicare Advantage but disenroll in the Medicare Advantage plan within 12 months of enrollment.

Beginning January 1, 1992, Wisconsin Medigap policy applicants had the option of purchasing an optional outpatient drug rider. The optional riders covered at least 50% of the charges for outpatient prescription drugs after a deductible of no greater than \$250 per year to a maximum of at least \$3,000 in benefit per year. Beginning September 1, 1994, all Medigap policies were required to cover catastrophic outpatient drug coverage. The mandated catastrophic drug benefit provided coverage for at least 80% of the charges for outpatient prescription drugs after a drug deductible of no more than \$6250 per calendar year. Some Medigap policies issued prior to these dates included outpatient prescription drug coverage.

In order to comply with the MMA, the amendments to Ins 3.39, Wis. Adm. Code, require that Medigap policies issued beginning January 1, 2006 can not include any outpatient prescription drug coverage.

Medigap policyholders who have outpatient prescription drug coverage under policies issued prior to December 31, 2005 have several options:

- Continue with their current policy without loss of prescription drug coverage. (Insureds will be informed that if they choose this option, they will have to pay a "penalty" for future enrollment in Medicare Part D after the initial enrollment period.)
- Enroll in Medicare Part D, and keep their current policy without prescription drug coverage.

- Enroll in Medicare Part D, drop their plan, and elect to guarantee issue into a Medigap policy from the same issuer.

- Enroll in Medicare Advantage (formerly Medicare+Choice) to obtain Medicare PDP coverage.

In order to comply with the MMA, the amendments to Ins 3.39, Wis. Adm. Code, affecting outpatient prescription drug coverage also apply to Wisconsin's mandate regarding equipment and supplies for the treatment of diabetes. Wisconsin's diabetes mandate requires that Medigap policies cover equipment and supplies, including insulin, and prescription medications for the treatment of diabetes. Medigap policies issued after January 1, 2006 will not cover prescription medications, insulin or medical supplies associated with the injection of insulin for the treatment of diabetes. The MMA provides that Medigap policies are not allowed to provide this coverage because it duplicates the coverage available under Medicare Part D. Medigap policies issued prior to January 1, 2006, to policyholders who choose to enroll in Medicare Part D will be amended with an exclusionary rider indicating that outpatient prescription drugs, including prescription medications for the treatment of diabetes, insulin and medical supplies associated with the injection of insulin are no longer covered. Medigap policies issued prior to January 1, 2006 to policyholders who choose not to enroll in Medicare Part D will continue to cover equipment, supplies, including insulin, and prescription medications as provided under Wisconsin's diabetes mandate. Additional information regarding coverage under Medigap policies for equipment and supplies for the treatment of diabetes is included elsewhere in this newsletter.

Beginning September 15, 2005 through November 15, 2005, the MMA requires that Medigap insurers and retiree plans provide to existing policy and certificate holders notice of their rights to

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CHANGES TO WISCONSIN'S MEDICARE SUPPLEMENT RULE

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continue existing drug coverage or to enroll in a Medicare PDP.

The amendments to Ins 3.39, Wis. Adm. Code, also provide that insurers may offer Medicare supplement or Medicare select policies that supplement benefits on a 25% and 50% cost-sharing basis. These cost-sharing Medigap policies provide that the insurer pays only 75% or 50% of supplemental benefits historically covered by Medicare supplement or Medicare select policies and that the policyholder pays coinsurance of 25% or 50%. As a result of the addition of new cost-sharing plans, the existing Medicare supplement insurance high deductible plan and high deductible drug plan will no longer be permitted to be sold after December 31, 2005.

The amendments to Ins 3.39, Wis. Adm. Code, include a provision that allow Medicare cost insurers to offer a Medicare cost basic policy that supplements only those benefits covered by Medicare. The Centers for Medicare and Medicaid Services (CMS), the federal agency that regulates Medicare and Medicare replacement policies, has indicated that Medicare cost insurers must offer basic cost plans in addition to the Medicare cost enhanced plans. Historically, Medicare cost policies have been required to provide coverage for Wisconsin mandated benefits, such as equipment and supplies for the treatment of diabetes, mammograms, home health care benefits, and chiropractic care.

The amendments to Ins 3.39, Wis. Adm. Code, extend guaranteed issue rights, which allow eligible Medicare beneficiaries the right to buy Medigap policies outside of their open enrollment period if they lose or change their health coverage under certain conditions. These rights have been extended to individuals eligible for benefits under Medicare Parts A and B and covered under the medical assistance program who subsequently lose eligibility in the medical assistance program. Guaranteed issue rights have also been extended to individuals covered by employee welfare benefit plans that are

either primary to Medicare or provide health benefits that supplement the benefits of Medicare and these individuals terminate coverage under the employee welfare benefit plans to enroll in Medicare Advantage plans, but subsequently disenroll from the Medicare Advantage plan but not later than 12 months after the effective date of enrollment.

Wisconsin's Medicare supplement rule requires that advertisements used by agents to market Medigap policies be filed with the OCI prior to use. The definition of an advertisement under Wisconsin insurance law is very broad and includes printed and published material, audio visual material and descriptive literature used in periodicals, on the web and for radio and TV advertisements regarding Medicare, Medigap policies or directed to Medicare beneficiaries. Advertisements developed by licensed insurance companies and filed with the OCI need not be filed by insurance agents using advertisements. The transmittal form, certificate of compliance and instructions are available on the OCI's website at: <http://oci.wi.gov/ociforms/26-042.doc>.

The OCI will be providing periodic updates regarding the MMA, Medicare PDPs and issues arising because of the amendments to Ins 3.39, Wis. Adm. Code, in the Senior Issues section of our website and through Bulletins for insurers and agents. In addition, the 2006 editions of our publications *Wisconsin Guide to Health Insurance for People with Medicare* and *Medicare Supplement Policies Approved in Wisconsin* will include information for consumers on the changes to Medigap policies required by the MMA. We encourage agents that market Medigap policies to periodically check our website at: http://oci.wi.gov/oci_home.htm for updates regarding Medigap policies in Wisconsin.

Questions regarding this article may be addressed to Diane Dambach at: diane.dambach@oci.state.wi.us

Change of Resident Address

If you have a resident address change, please notify the Agent Licensing Section in writing at P.O. Box 7872, Madison, Wisconsin 53707-7872, by fax at (608) 267-9451, or by email at agentlicensing@oci.state.wi.us. Telephone requests for change of address are not accepted.

Biennial Regulation Fees

Regulation fee notices will be in the mail later this fall to over 100,000 licensed agents and firms. Licensees will be able to provide payment by check or by using a credit card. Please refer to your notice when you receive it for specific instructions. Keep in mind that failure to pay the regulation fee by February 15 will result in suspension of the license.

CONTINUING EDUCATION

Basic Requirements

All agents who hold a license in any of the major lines of property, casualty, personal lines P&C, life, accident and health insurance, or the limited line of automobile, must meet the continuing education requirements. Your compliance date is printed on your license. ***Course credits may be completed at any time during the two-year period.*** Carryover of credits from one reporting period to another is not allowed.

Reminder: If you completed your requirements prior to January 1, 2005 for the 2003-2005 reporting period, classes you completed after January 1 were automatically banked for the 2005-2007 reporting period. A list of approved providers and courses is available at Promissor's Web site through a link at OCI's Web site by logging on to oci.wi.gov, then clicking on "Agent" followed by "Promissor." Or you can log on directly to www.promissor.com.

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CONTINUING EDUCATION

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Internet Transcripts Available from Promissor

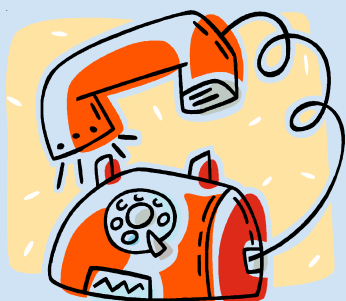
To request your most current Licensee Continuing Education Transcript, log onto www.promissor.com. Select "Testing Services," then "Insurance" followed by "Wisconsin Insurance." Under "Continuing Education Services," click on "Licensee Course Transcript," and enter your Wisconsin license number or ssn and last name. You will be able to view and also print your transcript. Please note that allocated courses (those with a "Y") were credited to a previous reporting period. Non-allocated courses will be credited to the current reporting as soon as we run compliance in November of 2006.

The transcript will permit you to take any action that is necessary to add, delete, or change information that is inaccurate. To correct credit discrepancies, agents are required to contact their continuing education provider(s) directly. These discrepancies can only be resolved between the agent, the provider, and the Promissor.

Who to Call

Contact Promissor for answers to general questions, to gain information on course availability, and to confirm if credits have been banked in an agent's individual record. They may be reached at (800) 274-4679.

Reminder: Dial the (800) prefix whenever using this number.



Medicare Part D's Impact on Wisconsin Diabetes Mandate

The MMA creates Medicare Part D, which provides coverage for prescription drugs. These Medicare prescription drug benefits will be provided by prescription drug plans (PDPs) that contract with Medicare. The MMA includes in its definition of covered prescription drugs, insulin and medical supplies associated with the injection of insulin for the treatment of diabetes. Medical supplies for injection of insulin include syringes, needles, alcohol swabs, and gauze. It does not include test strips and lancets, as these supplies are covered under Medicare Part B, and therefore may not be covered under Part D.

Wisconsin's diabetes mandate, section 632.895 (6), Wis. Stat., regarding coverage of equipment and supplies for the treatment of diabetes applies to Medigap policies. The statute mandates coverage for all equipment and **supplies, including insulin or any other prescription medication**, used in the treatment of diabetes.

The MMA provides that Medigap policies issued beginning January 1, 2006 may not provide prescription drug benefits that duplicate those covered by Medicare Part D. It also provides that existing Medigap policies for individuals who enroll in Medicare PDPs may not continue the prescription drug coverage under the Medigap policies. Therefore, prescription medications, insulin and medical supplies associated with the injection of insulin for the treatment of diabetes will no longer be covered under new Medigap policies issued beginning January 1, 2006.

Prescription medications, insulin and medical supplies associated with the injection of insulin for the treatment of diabetes will no longer be covered under existing Medigap policies for those individuals who enroll in Medicare PDPs. However, the

coverage under the diabetes mandate will remain for those individuals with policies issued prior to January 1, 2006 and who do not enroll in Medicare PDPs.

Insurers with existing Medigap policyholders who enroll in Medigap PDPs will issue exclusionary riders or new Medigap policies without the prescription medication, insulin and medical supplies for injection of insulin benefits formerly covered by these policies. Insurers who issue policies beginning January 1, 2006, may market their policies only if they include exclusionary riders or have new approved Medigap policies that do not cover the prescription medication, insulin and medical supplies for injection of insulin.

The prescription drug coverage under Medigap policies currently in effect differ based on the date the policies were issued.

■ Medigap policies issued beginning September 1, 1994 to present, are required to cover catastrophic outpatient prescription drug expenses including coverage for at least 80% of the charges for outpatient prescription drugs after a drug deductible of no more than \$6,250 per calendar year. Prescription medication for the treatment of diabetes is subject to the \$6,250 deductible.

■ Medigap policies issued beginning January 1, 1992 to present, may include an optional outpatient prescription drug rider that provides benefits for at least 50% of the charges for outpatient prescription drugs after a deductible of no greater than \$250 per year to a maximum of at least \$3,000 in benefits received by the insured per year. Prescription medication for the treatment of diabetes is subject to the \$250 deductible and annual maximum.

Continued on next page

Medicare Part D's Impact on Wisconsin Diabetes Mandate

Continued from previous page

■ Medigap policies issued in the 1980s and prior to January 1, 1992, when the optional outpatient prescription drug riders became available, may or may not provide comprehensive outpatient prescription drug coverage. Some of these policies paid 75% or more of prescription drug costs. Prescription medication for the treatment of diabetes would be paid to the same extent benefits are paid toward other prescription drug costs.

■ Medigap policies issued between January 1, 1992 and September 1, 1994, the date of the Wisconsin mandate requiring catastrophic drug coverage, most likely do not include outpatient prescription drug coverage. However, Wisconsin's diabetes mandate requires that these policies provide coverage of prescription medication for the treatment of diabetes to the same extent as other expenses subject to the same deductible and coinsurance provisions of the policies.

Questions regarding this article may be addressed to Diane Dambach at: diane.dambach@oci.state.wi.us



Administrative Actions Taken by OCI

In many of the proceedings listed below, the Respondent denied the allegations but consented to the actions. Detailed information regarding the proceedings is available from the OCI Legal Unit. Copies of all administrative actions completed since January 1, 2002, can be viewed and printed from OCI's Web site at <http://oci.wi.gov/admact/admact.htm>. The following are actions for April through June 2005.

Agents

Robin Bono
10 Deer Trails, Festus, MO 63028
Has had her application for an insurance license denied. This action was based on allegations of failing to respond promptly to inquiries from OCI and failing to disclose administrative action taken by the state of Arizona on an insurance license application. May 2005

Felicia Butler
1514 Mayfield Ln., Madison, WI 53704
Has had her application for an insurance license denied. This action was based on allegations of failing to respond promptly to inquiries from OCI and a criminal conviction substantially related to insurance marketing type conduct. May 2005

Randall C. Cook
6848 29th Ave., Kenosha, WI 53143
Has had his license denied for 31 days. This action was based on allegations of failing to disclose administrative action taken by the state of Wisconsin, Department of Regulation and Licensing, Real Estate Examining Board, on an insurance license application. May 2005

Douglas Michael Decauwer
1620 Venice Blvd. #209, Los Angeles, CA 90291
Has had his application for an insurance license denied. This action was based on allegations of failing to respond promptly to inquiries from OCI and a criminal conviction substantially related to insurance marketing type conduct. May 2005

Joseph P. DeFilippo
1807 Ryan Ct., Kaukauna, WI 54130
Was ordered to not apply for an insurance license for five years from the date of the order. He surrendered his insurance agent's license. This action was based on allegations of failing to disclose a Texas criminal conviction on his application and failing to promptly report a criminal conviction. June 2005

David M. Fix
3210 N. Old Trails Rd., Spokane, WA 99224
Has had his license denied for 31 days. This action was based on allegations of failing to disclose administrative actions taken by the state of Washington on an insurance license application. May 2005

Ladon W. Granstaff
11410 NE 124th St. #305, Kirkland,
WA 98034
Has had his license denied for 31 days.
This action was based on allegations of
failing to disclose administrative
actions taken by the states of Tennes-
see and Washington on an insurance
license application. June 2005

Mary J. Hafeman
d/b/a Bay Benefits Group, 57 N. 12th
Ave., Sturgeon Bay, WI 54235
Agreed to pay a forfeiture of \$500.00
and agreed to comply with the terms
of the stipulation including the sale of
Bay Benefits Group to Mr. Daryl
Kapalin d/b/a Benefit Advantage, Inc.
This action was based on allegations of
failing to maintain a proper bond as
required for employee benefit plan
administrators and failing to respond
promptly to inquiries from OCI. April
2005

Jason Earl Hanson
321 E. Larpenteur Ave. #127,
Maplewood, MN 55117
Has had his license denied for 31 days.
This action was based on allegations of
failing to disclose administrative
actions taken by the state of Minne-
sota on an insurance license applica-
tion. May 2005

Barton L. Harter
109 N. Valleywood Ct., Oconomowoc,
WI 53066
Paid a forfeiture of \$1,000.00 and was
ordered to cease and desist from
violating ss. Ins 6.60 and 6.61, Wis.
Adm. Code. This action was based on
allegations of failing to report an
administrative action taken by another
regulatory agency, in violation of s. Ins
6.61 (16), Wis. Adm. Code. June 2005

Michael Scott Hoffman
11074 Sharp Ave. #I, Mission Hills,
CA 91345
Has had his application for an
insurance license denied. This action
was based on allegations of failing to
respond promptly to inquiries from
OCI and a criminal conviction
substantially related to insurance
marketing type conduct. May 2005

Raymond Bradley Jewell
475 Little Conestoga Rd.,
Downingtown, PA 19335
Has had his license denied for 31
days. This action was based on
allegations of failing to disclose
administrative actions taken by the
state of Pennsylvania on an insurance
license application. May 2005

Bernadette Theresa Johnson
293 Sentinel Ave., Newtown, PA
18940
Surrendered her insurance agent's
license. This action was based on
allegations of failing to report an
administrative action taken by another
state. May 2005

Brenda J. Jones
4418 W. North Ave., Milwaukee, WI
53208
Has had her application for an
insurance license denied. This action
was based on allegations of a criminal
conviction substantially related to
insurance marketing type conduct.
June 2005

Janice Nadine Jones
1817 E. Oltorf #1099, Austin, TX
78741
Has had her application for an
insurance license denied. This action
was based on allegations of failing to
respond promptly to inquiries from
OCI and a criminal conviction
substantially related to insurance
marketing type conduct. June 2005

Karina Patricia Jones
110 El Nindo Ave. #69, Pasadena, CA
91107
Has had her application for an
insurance license denied. This action
was based on allegations of failing to
respond promptly to inquiries from
OCI and a criminal conviction
substantially related to insurance
marketing type conduct. May 2005

Anthony R. Julien
1640 Briarwood Ln., Hartford, WI
53027
Has had his application for an
insurance license denied. This action
was based on allegations of failing to
respond promptly to inquiries from
OCI and a criminal conviction
substantially related to insurance
marketing type conduct. May 2005

Jessica S. Junker
1889 County Hwy. G, Boyd, WI 54726
Has had her application for an
insurance license denied. This action
was based on allegations of failing to
respond promptly to inquiries from
OCI and a criminal conviction
substantially related to insurance
marketing type conduct. May 2005

George Alphonse Khillia
6045 Beck Ave., North Hollywood,
CA 91606
Has had his application for an
insurance license denied. This action
was based on allegations of failing to
respond promptly to inquiries from
OCI and a criminal conviction
substantially related to insurance
marketing type conduct. May 2005

Gregory Darren Knox
1436 Armacost Ave. #6, Los Angeles,
CA 90025
Has had his application for an
insurance license denied. This action
was based on allegations of failing to
respond promptly to inquiries from
OCI and a criminal conviction
substantially related to insurance
marketing type conduct. May 2005

Melissa E. Landrath
5990 Beech Nut Rd., West Bend, WI
53090
Has had her application for an insurance license denied. This action was based on allegations of a criminal conviction substantially related to insurance marketing type conduct. May 2005

Tamara Nicole Loyd
715 S. Normandie Ave. #309, Los Angeles, CA 90005
Has had her application for an insurance license denied. This action was based on allegations of failing to respond promptly to inquiries from OCI and a criminal conviction substantially related to insurance marketing type conduct. May 2005

Jeremy Isaac Lubin
749 N. Hudson Ave. #103, Los Angeles, CA 90038
Has had his application for an insurance license denied. This action was based on allegations of failing to respond promptly to inquiries from OCI and a criminal conviction substantially related to insurance marketing type conduct. June 2005

Eric R. MacDougall
128 Bridle View Way, Souderton, PA 18964
Has had his application for an insurance license denied. This action was based on allegations of administrative action taken by the state of Pennsylvania. May 2005

Heather Diane March
108 S. Gramercy Pl. #105, Los Angeles, CA 90004
Has had her application for an insurance license denied. This action was based on allegations of failing to respond promptly to inquiries from OCI regarding bankruptcy or judgment. May 2005

Frank Marchan
3647 S. Chase Ave., Milwaukee, WI 53207
Agreed to not issue Certificates of Insurance which state that coverage is bound if no coverage has been issued or bound. This action was based on allegations of issuing a Certificate of Insurance stating that the Wisconsin Insurance Plan provided coverage when no coverage was issued or could be bound by an agent. May 2005

Freddermann Anthony Munoz
2620 1/2 Pennsylvania Ave., Los Angeles, CA 90033
Has had his application for an insurance license denied. This action was based on allegations of failing to respond promptly to inquiries from OCI regarding delinquent tax obligation not subject to repayment agreement. May 2005

Robert J. Osborn
1206 Southridge Dr., Madison, WI 53704
Has had his insurance license revoked. This action was based on allegations of failing to pay Wisconsin delinquent taxes due. June 2005

Bruce Wayne Perkins
2444 Riverside Pl., Silver Lake, CA 90039
Has had his application for an insurance license denied. This action was based on allegations of failing to respond promptly to inquiries from OCI regarding bankruptcy or judgment. May 2005

Daniel J. Raymonds
2880 Meadowsides Ct., Brookfield, WI 53005
Has had his insurance license revoked. This action was based on allegations of failing to pay Wisconsin delinquent taxes due. April 2005

Bradley S. Redmer
218 W. Main St., Waterford, WI 53185
Has had his application for an insurance license denied. This action was based on allegations of failing to respond promptly to inquiries from OCI and a criminal conviction substantially related to insurance marketing type conduct. June 2005

Thomas R. Rossiter
P.O. Box 354, Ashippun, WI 53003
Has had his insurance license revoked. This action was based on allegations of failing to pay Wisconsin delinquent taxes due. April 2005

Adam Alan Rothman
30 Williamsburg Close, Scarsdale, NY 10583
Has had his license denied for 31 days. This action was based on allegations of failing to disclose administrative actions taken by the states of New Jersey and Wisconsin on an insurance license application. May 2005

Jessie T. Sanders
5405 Century Ave. Apt. 4, Middleton, WI 53562
Has had his application for an insurance license denied. This action was based on allegations of failing to respond promptly to inquiries from OCI and a criminal conviction substantially related to insurance marketing type conduct. June 2005

Colleen Elizabeth Schaak
12905 Raven St. NW, Coon Rapids, MN 55448
Has had her license denied for 31 days. This action was based on allegations of failing to disclose administrative action taken by the state of Minnesota on an insurance license application. June 2005

Mark B. Sirianni

4408 Kellyland St., Schofield, WI 54476

Was ordered to cease and desist from all activities of an insurance intermediary and has had his license summarily suspended. This action was based on allegations of failing to properly consider suitability in sales and recommendations of annuities; unfair marketing practices; using false and misleading advertisements, solicitations, and representations in sales of annuities; using deceptive words, phrases, or illustrations in sales of annuities; and violating Wisconsin insurance laws. April 2005

Johnny Thomas

3907 Gibraltar Ave. #5, Los Angeles, CA 90008

Has had his application for an insurance license denied. This action was based on allegations of failing to respond promptly to inquiries from OCI regarding bankruptcy or judgment. May 2005

Armen Tovmasyan

13540 Victory Blvd. #205, Van Nuys, CA 91401

Has had his application for an insurance license denied. This action was based on allegations of failing to respond promptly to inquiries from OCI and a criminal conviction substantially related to insurance marketing type conduct. May 2005

Ronald B. Voorhees

1404 Western Ave. Apt. 9, Green Bay, WI 54304

Has had his application for an insurance license denied. This action was based on allegations of failing to respond promptly to inquiries from OCI and failing to pay past due child support. May 2005

David W. Zaborek

6634 N. Trenton Rd., West Bend, WI 53090

Paid a forfeiture of \$1,000.00 and was ordered to pay the judgment creditor in Washington County Circuit Court case 03-CV-687 and has had his insurance license revoked. This action was based on allegations of lacking the financial resources to protect the legitimate interests of insurance customers and the public and failing to respond promptly to inquiries from OCI. June 2005

Companies

1st Auto & Casualty Insurance Company

2810 City View Rd., Madison, WI 53718

Was ordered to cease and desist from nonrenewing insurance policies with less than a 60-day notice and to cease and desist from counting the day of mailing a nonrenewal notice as day one in fulfilling the 60-day notice requirement. This action was based on allegations of issuing an improper notice for nonrenewal of an insurance policy. April 2005

ACUITY, A Mutual Insurance Company

2800 S. Taylor Dr., Sheboygan, WI 53081

Paid a forfeiture of \$500.00 and was ordered to notify the Commissioner at least 30 days prior to a dividend distribution. This action was based on allegations of failing to notify the Commissioner of the schedule for the basis of a dividend distribution at least 30 days prior to the distribution. April 2005

Alpha Property & Casualty Insurance Company

P.O. Box 223687, Dallas, TX 75222

Paid a forfeiture of \$500.00 and was ordered to cease and desist from failing to provide proper nonrenewal notification to its policyholders. This action was based on allegations of issuing an improper nonrenewal of an insurance policy. April 2005

American Benefit Administrative Services, Inc.

1733 Park St. #300, Naperville, IL 60563

Paid a forfeiture of \$500.00 and was ordered to comply with Wisconsin insurance law related to employee benefit plan administrators by responding timely to OCI inquiries and to maintain a proper bond. This action was based on allegations of failing to respond promptly to inquiries from OCI. June 2005

American Family Mutual Insurance Company

6000 American Pky., Madison, WI 53783

Paid a forfeiture of \$500.00 and was ordered to cease and desist from failing to provide proper notification to their policyholders of renewal with altered terms. This action was based on allegations of issuing an improper renewal with altered terms of an insurance policy. April 2005

American Family Mutual Insurance Company

6000 American Pky., Madison, WI 53783

Paid a forfeiture of \$3,000.00 and was ordered to cease and desist from improperly canceling policies midterm for underwriting reasons that it knew or should have known at the time of issuing the policy. This action was based on allegations of issuing an improper midterm cancellation of an insurance policy. April 2005

American Family Mutual Insurance Company

6000 American Pky., Madison, WI 53783

Paid a forfeiture of \$3,000.00 and was ordered to cease and desist from failing to provide proper nonrenewal notification to their policyholders. This action was based on allegations of issuing an improper nonrenewal of an insurance policy. April 2005

Boller Group, Inc.

205 E. Thomas St., P.O. Box 1724, Wausau, WI 54402

Paid a forfeiture of \$500.00 and was ordered to comply with the terms of the stipulation. This action was based on allegations of failing to respond promptly to inquiries from OCI and failing to maintain a proper bond. April 2005

C B C A Administrators, Inc.

4150 International Plaza #900, Ft. Worth, TX 76109

Paid a forfeiture of \$500.00 and was ordered to comply with Wisconsin insurance laws and maintain a proper bond in accordance with s. 633.14 (1) (b), Wis. Stat., and ss. Ins 8.26 (1) (b) and 8.28 (1), Wis. Adm. Code. This action was based on allegations of failing to maintain a proper bond in accordance with Wisconsin insurance law and failing to respond promptly to inquiries from OCI. May 2005

Car Warranties Direct LLC

21360 Center Ridge Rd., Rocky River, OH 44116

Was ordered to pay a forfeiture of \$10,000.00 and was ordered to cease and desist from soliciting warranties in Wisconsin unless and until respondent has obtained a limited certificate of authority to solicit a warranty plan in Wisconsin. This action was based on allegations of doing an insurance business without proper authority and a criminal conviction substantially related to insurance marketing type conduct. May 2005

Citizens Insurance Company of America

645 W. Grand River Ave., Howell, MI 48843

Paid a forfeiture of \$500.00 and was ordered to cease and desist from nonrenewing automobile policies based on the age of the policyholder and to revise the Underwriting Guidelines so as to bring them into compliance with Wisconsin law. This action was based on allegations of issuing an improper nonrenewal of an insurance policy. April 2005

DaimlerChrysler Corp.

26001 Lawrence Ave., Center Line, MI 48015

Paid a forfeiture of \$500.00 and was ordered to provide the requested information and reply promptly in writing to all future requests. This action was based on allegations of failing to respond promptly to inquiries from OCI. May 2005

Depositors Insurance Company

1100 Locust St., Des Moines, IA 50391

Paid a forfeiture of \$500.00 and was ordered to cease and desist from failing to provide either a renewal or nonrenewal notification to its policyholders. This action was based on allegations of issuing an improper nonrenewal of an insurance policy. April 2005

Electric Insurance Company

75 Sam Fonzo Dr., Beverly, MA 01915

Was ordered to cease and desist from improperly calculating refunds using a short-rate calculation unless the respondent gives proper notice. This action was based on allegations of improperly calculating refunds using a short-rate calculation without proper notification and issuing an improper notice of the short-rate calculation for a refund. April 2005

Fireman's Fund Insurance Company

777 San Marin Dr., Novato, CA 94998
Paid a forfeiture of \$500.00 and was ordered to cease and desist from changing the terms of a policy midterm for underwriting reasons it should have known within the first 60 days of the new policy. This action was based on allegations of failing to comply with s. 631.36 (5), Wis. Stat. April 2005

First Assured Warranty Corporation

7935 E. Prentice Ave. Ste. 400, Greenwood Village, CO 80111
Paid a forfeiture of \$1,500.00 and was ordered to cease and desist from using forms unless they have been filed with and approved by the Commissioner. This action was based on allegations of using unapproved policy forms. June 2005

First Automotive Service Corp.

2400 Louisiana Blvd., NE Bldg. 4, Albuquerque, NM 87110
Paid a forfeiture of \$1,100.00 and was ordered to cease and desist from using warranty contracts unless and until they have been filed with and approved by the Commissioner. This action was based on allegations of using unapproved policy forms. May 2005

GEICO General Insurance Company

5260 Western Ave., Chevy Chase, MD 20815
Paid a forfeiture of \$500.00 and was ordered to cease and desist from applying premium refunds from one policy period to future installments not yet earned or due. This action was based on allegations of violating Wisconsin insurance laws regarding refunds. April 2005

General Casualty Company of Wisconsin
One General Dr., Sun Prairie, WI 53596
Paid a forfeiture of \$500.00 and was ordered to cease and desist from improper nonrenewal of insurance policies. This action was based on allegations of issuing an improper notice for nonrenewal of an insurance policy. April 2005

Grinnell Mutual Reinsurance Company
4215 Hwy. 146, Grinnell, IA 50112
Paid a forfeiture of \$1,000.00 and was ordered to cease and desist from violating Wisconsin insurance law by deviating from the approved rates and rules on worker's compensation and to develop a process to ensure that policyholders are made aware of changes made to terms requested, marketed, or bound in an application. This action was based on allegations of using improper classification codes for worker's compensation insurance and failing to have in place a process to ensure policyholders are made aware of changes made to terms in an application. April 2005

Hartford Underwriters Insurance Company
Hartford Plaza, Hartford, CT 06115
Agreed to pay a forfeiture of \$1,000.00 and agreed to respond promptly to OCI and comply with the notice requirements for worker's compensation policies. This action was based on allegations of failing to properly terminate a worker's compensation policy and failure to provide information requested by the Commissioner. May 2005

Indiana Insurance Company
350 E. 96th St., Indianapolis, IN 46240
Paid a forfeiture of \$1,500.00 and was ordered to cease and desist from violating Wisconsin insurance laws by failing to use a rate, rating plan, or classification or an expense loading approved by the Commissioner. This action was based on allegations of using discriminatory underwriting procedures, misrepresenting premium due on a policy, and using an unfiled and unapproved rate. April 2005

Midwest Family Mutual Insurance Company
P.O. Box 9425, Minneapolis, MN 55440
Paid a forfeiture of \$500.00 and was ordered to cease and desist from improperly canceling policies midterm for underwriting reasons it knew or should have known at the time of issuance. This action was based on allegations of issuing an improper midterm cancellation of an insurance policy. April 2005

Midwest National Life Insurance Company of Tennessee
9151 Grapevine Hwy., North Richland Hills, TX 76180
Agreed to pay a forfeiture of \$3,500.00 and agreed to accept business only from intermediaries that are properly licensed and appointed. This action was based on allegations of utilizing the services of an unlicensed agent and allowing an agent to submit applications prior to appointing the agent. June 2005

National Administrative Service Company, Ltd.
5747 Perimeter Dr. Ste. 200, Dublin, OH 43071
Paid a forfeiture of \$2,000.00 and was ordered to use only forms which have been submitted to and approved in writing by the Commissioner. This action was based on allegations of using unapproved policy forms. April 2005

Noble Group, The
P.O. Box 352500, Toledo, OH 43635
Was ordered to pay a forfeiture of \$5,000.00 and was ordered to cease and desist from soliciting insurance to Wisconsin residents and businesses. This action was based on allegations of doing an insurance business without proper authority and failing to respond promptly to inquiries from OCI. May 2005

OHIC Insurance Company
155 E. Broad St., Columbus, OH 43215
Paid a forfeiture of \$500.00 and was ordered to provide the information requested and reply promptly to all future inquiries from the Commissioner. This action was based on allegations of failing to respond promptly to inquiries from OCI. May 2005

Old Republic Surety Company
445 S. Mooreland Rd. Ste. 301, Brookfield, WI 53005
Paid a forfeiture of \$1,000.00 and was ordered to cease and desist from accepting insurance business from an intermediary unless the intermediary is licensed as well as listed as an agent for the respondent. This action was based on allegations of allowing an agent to submit applications prior to appointing the agent. April 2005

Partners Mutual Insurance Company
20935 Swenson Dr., Waukesha, WI 53186
Paid a forfeiture of \$500.00 and was ordered to cease and desist from nonrenewing insurance policies without proper 60 days notice. This action was based on allegations of issuing an improper nonrenewal of an insurance policy in violation of s. 631.36 (4), Wis. Stat. April 2005

Pella Mutual Insurance Company
W11261 Hwy. D, Marion, WI 54950
Paid a forfeiture of \$2,000.00 and was ordered to cease and desist from violating s. 631.36, Wis. Stat. This action was based on allegations of issuing an improper midterm cancellation or nonrenewal of an insurance policy, failing to state with reasonable precision the facts on which the insurer based its decision to nonrenew, and canceling a policy for underwriting reasons. April 2005

Progressive Classic Insurance Company
6300 Wilson Mills Rd. W33, Mayfield Village, OH 44143
Paid a forfeiture of \$3,500.00. This action was based on allegations of failing to comply with a previous examination order. June 2005

Progressive Northern Insurance Company
6300 Wilson Mills Rd. W33, Mayfield Village, OH 44143
Paid a forfeiture of \$4,500.00. This action was based on allegations of failing to comply with a previous examination order. June 2005

RLI Insurance Company
9025 N. Lindbergh Dr., Peoria, IL 61615
Paid a forfeiture of \$1,500.00 and was ordered to file notices of termination of its agents with OCI prior to or within 30 calendar days of the termination and submit complete explanations and documentation in writing to OCI regarding any problems with its agents. This action was based on allegations of failing to disclose agent problems on the OCI termination form. April 2005

SC & E Administrative Services, Inc.
600 E. Las Colinas Blvd. Ste. 900, Irving, TX 75039
Was ordered to pay a forfeiture of \$1,000.00 and was ordered to reply promptly in writing and to provide all information requested in response to all inquiries from the Commissioner. This action was based on allegations of failing to respond promptly to inquiries from OCI. April 2005

SC & E Administrative Services, Inc.
600 E. Las Colinas Blvd. Ste. 900, Irving, TX 75039
Was ordered to pay a forfeiture of \$500.00 and was ordered to provide the requested information. They were ordered to cease and desist from accepting any new warranty business and collecting any monies due for existing warranty business in Wisconsin unless and until proper proof of financial security is provided, and to pay claims and make refunds for existing Wisconsin warranty business. This action was based on allegations of failing to respond promptly to inquiries from OCI. April 2005

Sears, Roebuck & Company
3333 Beverly Rd. B6-277B, Hoffman Estates, IL 60179
Agreed to pay a forfeiture of \$15,000.00 and agreed to cease and desist from operating a warranty plan in Wisconsin unless and until it has obtained a limited certificate of authority to do so. This action was based on allegations of operating a warranty insurance business without proper authority. May 2005

World Wide Warranty, Inc.
1455 Bellevue Ave. #300, West Vancouver, British Columbia, Canada
Agreed to pay a forfeiture of \$500.00 and agreed to withdraw from Wisconsin and not write any new business. This action was based on allegations of failing to file a required financial statement by the due date. April 2005

St. Paul Fire & Marine Insurance Company
385 Washington St., St. Paul, MN 55102
Paid a forfeiture of \$20,000.00 and was ordered to cease and desist from violating Wisconsin insurance law, specifically s. 631.36 (6), Wis. Stat., and ss. Ins 21.01 (6) and (8) Wis. Adm. Code. This action was based on allegations of worker's compensation insurer failing to state the reason for nonrenewal of a policy and sending nonrenewal notices less than 60 days from policy expiration. April 2005

Universal Underwriters Service Corporation
7045 College Blvd., Overland Park, KS 66211
Paid a forfeiture of \$3,500.00 and was ordered to cease and desist from issuing contracts other than as applied for without notice to the contract holder of the change. This action was based on allegations of altering and changing a vehicle service contract after it was issued without notice to the contract holder. April 2005

WCRB and petitioner Fredman Bag Company
5801 W. Bender Ct., Milwaukee WI 53218.
OCI affirmed the Wisconsin Compensation Rating Bureau classification. This action was based on allegations of an improper Wisconsin Compensation Rating Bureau classification decision. June 2005

Westchester Specialty Insurance Services, Inc.
4550 River Green Pky., Duluth, GA 30096
Paid a forfeiture of \$500.00 and was ordered to respond promptly to all inquiries from OCI. This action was based on allegations of failing to respond promptly to inquiries from OCI. April 2005